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24 June 1947

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COUNTRY : Hungary

SUBJECT : Communist Plans to Incorporate Hungary and
Czechoslovakia in Central and East European Bloc

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1. The day following the appointment of Lajos Dinnyes as Prime Minister of the Hungarian Government, the Hungarian Communist leader, Matyas Rakosi, is reported to have told former President of the first Hungarian Republic (1918), Michael Karolyi, that the substitution of Janos Gyongyossi as Hungarian Foreign Minister had been the cause of Karolyi's neglect by the Nagy Government.

[] comment: Karolyi received the title of Envoy Extraordinary and Minister Plenipotentiary but was given no assignment after his return to Hungary. Before Former Prime Minister Nagy's resignation Karolyi had decided to re-emigrate to England where he had previously lived to demonstrate his resentment.)

2. Rakosi informed Karolyi that the latter was to be appointed Minister to Czechoslovakia with the special important mission of effecting a Czech Rapprochement with Hungary, thus completing the materialization of a Central and East European Bloc. The present cool relations between Hungary and Czechoslovakia are the only obstacles in the path of organizing such a Bloc.
3. Rakosi added that negotiations for military mutual assistance pacts between all the Eastern and Central European countries, except Czechoslovakia and Hungary,

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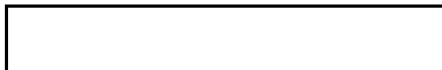
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were in such an advanced stage that the "circuit could be considered closed". These pacts included provisions for uniform Army organizations and armament in a Bloc of eighty million (80,000,000) people.

4. The military pacts are to be reinforced by regional economic agreements, most of which are also completed and coordinated with the Soviet economy.
5. Rakosi believed that a military pact between Hungary and Czechoslovakia is unfeasible, but he instructed Karolyi to make an economic accord at all costs. When economic cooperation is established, a military treaty could be "forced down the throat" of Czechoslovakia because the latter is already committed to military pacts with other countries in the Soviet sphere.
6. According to Rakosi, Karolyi is ideally suited to this mission because he is on good terms with President Benes of Czechoslovakia and could sell Hungarian good will to the Czechs. Rakosi explained that the Bloc would naturally be pro-Soviet. He added that it also would be "pro-British", which would appeal to Benes.
7. Karolyi accepted this assignment with great enthusiasm and is reported to have expressed his belief in Rakosi's sincerity. Karolyi added that the idea of the Bloc was the only solution to many problems in face of "American Aggressiveness".

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